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No. 215-022-80



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
BRIDGEVILLE, PENNSYLVANIA

AUDIT REPORT
FOR THE YEARS ENDED JUNE 30, 1978, 1977, AND 1976



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INTRODUCTION

Mayview State Hospital, located in Bridgeville, Allegheny County, has a history dating to the 1700's. The hospital changed locations twice prior to the move to the current site in 1893. Originally known as Marshalsea, the name was changed to the Pittsburgh City Home and Hospital at Mayview in 1916. In 1938, the commonwealth assumed title to, and control of the hospital and changed the name to Mayview State Hospital. The purpose of the hospital is to care for and treat the mentally ill of the city of Pittsburgh.

The management of the hospital is vested in a board of trustees consisting of nine members appointed by the Governor, by and with the advice and consent of a majority of the Senate, and the Secretary of Public Welfare, ex officio. The members serve without compensation for a term of six years and until their successors are appointed and qualified.

At June 30, 1978, the membership of the board of trustees was as follows:

<u>Name</u>	<u>Address</u>	<u>Title</u>
Harker, Reverend C. Leroy	Pittsburgh	President
Harper, Gladys C.	Pittsburgh	Vice-President
Elish, Agnes	Canonsburg	Secretary
Colautti, The Honorable Aldo Secretary of Public Welfare	Harrisburg	Member ex officio
Baltes, James S.	Pittsburgh	Member
Caldwell, Clifton	Pittsburgh	Member
Evans, Richard S., M.D.	Pittsburgh	Member
Gold, Harold A., Esq.	Pittsburgh	Member
Shapiro, Charlotte H., Ph.D.	Pittsburgh	Member
Tronzo, Louise A.	Pittsburgh	Member

The superintendent is appointed, subject to the approval of the Governor, by the Secretary of Public Welfare upon the advice of the board of trustees to serve as executive officer of the hospital. For the year ended June 30, 1978, Robert H. Trivus, M.D., Ph.D., served in this capacity.

The following statistics reflect the average number of salaried employes, the average daily patient population, the rated bed capacity and the percent of occupancy for the years ended June 30, 1978, 1977, and 1976, at Mayview State Hospital.

<u>Category</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
Average number of salaried employes	1321	1288	1249
Average daily patient population	1341	1449	1553
Rated bed capacity	1748	1748	1748
Percent of occupancy	77	83	89

INTRODUCTION (Continued)

Also located on the Mayview State Hospital grounds is an MR Annex. The facility was established to accommodate referrals from the state hospital who were diagnosed as mentally retarded, so as not to be misclassified in a psychiatric setting. The services are directed toward the education and training necessary for the individuals to assume a life style that requires a minimal amount of supervised care in the city and county of residence.

For the years ended June 30, 1978, 1977, and 1976, the average number of salaried employees was 83, 75, and 48, respectively. During this time the rated bed capacity remained constant at 120 while the average daily patient population and resulting percent of occupancy rose from 72 (60%) in 1976 to 84 (70%) in 1977 and 114 (95%) in 1978.

During the previously mentioned fiscal periods, Mr. R. Erik Wittman served as annex administrator.

Our audit was conducted under the authority of The Fiscal Code, act of April 9, 1929, P.L. 343, as amended. The audit report presents the results of our financial and compliance tests of the institution's operations for the years ended June 30, 1978, 1977, and 1976.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
GENERAL OPERATIONS



COMMONWEALTH OF PENNSYLVANIA

OFFICE OF THE

AUDITOR GENERAL

HARRISBURG 17120

BENEDICT
AUDITOR GENERAL

Honorable Richard L. Thornburgh
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania

We have examined the statements of allocations of commonwealth funds of the Mayview State Hospital, and the related statements of receipts and of expenditures - current allocation for the years ended June 30, 1978, 1977, and 1976. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying statements do not include a statement of financial position or a comparison of transactions with a formal budget as required by generally accepted accounting principles.

In our opinion, except for the omission of the information mentioned in the preceding paragraph, the aforementioned financial statements present fairly the results of commonwealth - funded operations of Mayview State Hospital for the years ended June 30, 1978, 1977, and 1976, in conformity with generally accepted accounting principles applied on a consistent basis.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
STATEMENT OF ALLOCATIONS OF COMMONWEALTH FUNDS
FOR THE YEAR ENDED JUNE 30, 1978

	1975-1976 <u>Act 8-A</u>	1976-1977 <u>Act 7-A</u>	1977-1978 <u>Act 11-A</u>	<u>Total</u>
Balance beginning of year	\$ 312	\$ -	\$ -	\$ 312
Encumbered balance carried forward	12,326	1,452,599	-	1,464,925
Current allocation	-	-	19,566,684	19,566,684
Credits to allocation	-	-	1,428,890	1,428,890
Federal reimbursement of Pennsylvania Medical Assistance	-	-	5,741,000	5,741,000
Allocation adjustments	<u>(312)</u>	<u>(79,499)</u>	<u>-</u>	<u>(79,811)</u>
Total available	<u>12,326</u>	<u>1,373,100</u>	<u>26,736,574</u>	<u>28,122,000</u>
Disbursements	-	1,273,446	25,068,860	26,342,306
Reserve for encumbrances	-	5,705	1,667,714	1,673,419
Lapses	<u>12,326</u>	<u>93,949</u>	<u>-</u>	<u>106,275</u>
Total reductions	<u>12,326</u>	<u>1,373,100</u>	<u>26,736,574</u>	<u>28,122,000</u>
Balance end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
STATEMENT OF ALLOCATIONS OF COMMONWEALTH FUNDS
FOR THE YEAR ENDED JUNE 30, 1977

	<u>1974-1975</u> <u>Act 21-A</u>	<u>1975-1976</u> <u>Act 8-A</u>	<u>1976-1977</u> <u>Act 7-A</u>	<u>Total</u>
Balance beginning of year	\$ -	\$ 21,371	\$ -	\$ 21,371
Encumbered balance carried forward	187	1,540,228	-	1,540,415
Current allocation	-	-	15,819,716	15,819,716
Credits to allocation	-	-	1,550,770	1,550,770
Federal reimbursement of Pennsylvania Medical Assistance	-	-	5,850,000	5,850,000
Allocation adjustments	<u>-</u>	<u>161,434</u>	<u>68,402</u>	<u>229,836</u>
Total available	<u>187</u>	<u>1,723,033</u>	<u>23,288,888</u>	<u>25,012,108</u>
Disbursements	187	1,600,099	21,836,289	23,436,575
Reserve for encumbrances	-	12,326	1,452,599	1,464,925
Lapses	<u>-</u>	<u>110,296</u>	<u>-</u>	<u>110,296</u>
Total reductions	<u>187</u>	<u>1,722,721</u>	<u>23,288,888</u>	<u>25,011,796</u>
Balance end of year	<u>\$ -</u>	<u>\$ 312</u>	<u>\$ -</u>	<u>\$ 312</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
STATEMENT OF ALLOCATIONS OF COMMONWEALTH FUNDS
FOR THE YEAR ENDED JUNE 30, 1976

	1971-1972 <u>Act 27-A</u>	1974-1975 <u>Act 21-A</u>	1975-1976 <u>Act 8-A</u>	<u>Total</u>
Balance beginning of year	\$ -	\$ -	\$ -	\$ -
Encumbered balance carried forward	11,587	1,197,296	-	1,208,883
Current allocation	-	-	14,400,000	14,400,000
Credits to allocation	-	-	2,409,353	2,409,353
Federal reimbursement of Pennsylvania Medical Assistance	-	-	3,250,000	3,250,000
Allocation adjustments	-	120,600	1,358,453	1,479,053
Total available	<u>11,587</u>	<u>1,317,896</u>	<u>21,417,306</u>	<u>22,747,289</u>
Disbursements	1,500	1,305,444	19,856,207	21,163,151
Reserve for encumbrances	-	187	1,540,228	1,540,415
Lapses	<u>10,087</u>	<u>12,265</u>	<u>-</u>	<u>22,352</u>
Total reductions	<u>11,587</u>	<u>1,317,896</u>	<u>21,396,435</u>	<u>22,725,918</u>
Balance end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,371</u>	<u>\$ 21,371</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
STATEMENT OF RECEIPTS
FOR THE YEARS ENDED JUNE 30, 1978, 1977, AND 1976

<u>Classification</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
Full-pay patients	\$ 824,340	\$ 667,073	\$ 389,813
Part-pay patients	277,238	315,006	247,555
Terminal	80,352	142,405	22,675
Department of Justice	37,490	48,691	29,150
Federal reimbursement of Pennsylvania Medical Assistance	5,741,000	5,850,000	3,250,000
Disbursements reimbursed	240,437	152,158	310,605
Refunds	114,581	126,652	182,210
Miscellaneous	<u>212,379</u>	<u>158,352</u>	<u>1,283,482</u>
<u>Total receipts</u>	<u>\$7,527,817</u>	<u>\$7,460,337</u>	<u>\$5,715,490</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
STATEMENT OF EXPENDITURES - CURRENT ALLOCATION
FOR THE YEAR ENDED JUNE 30, 1978

<u>Classification</u>	<u>Disbursements</u>	<u>Encumbrances</u>	<u>Total</u>
Salaries	\$15,610,714	\$1,242,832	\$16,853,546
Overtime	353,143	-	353,143
Shift differential pay	213,627	-	213,627
Higher classification pay	5,811	-	5,811
Physician recognition award	15,759	-	15,759
Wages	32,422	-	32,422
Wages - patient	(1,992)	-	(1,992)
Special benefit provision - PSSU and PESEA	2,739	-	2,739
Employees Health and Welfare Fund	417,251	-	417,251
Employee hospitalization insurance	753,576	-	753,576
Social security	948,748	-	948,748
Retirement	2,225,718	-	2,225,718
State workmen's insurance premium payments	435,429	-	435,429
Employee group life insurance	36,294	-	36,294
Out-service training	14,333	3,616	17,949
Unemployment compensation	20,017	-	20,017
Sick leave payout	20,180	-	20,180
Annual leave payout	34,137	-	34,137
Maintenance recovered	(11,923)	-	(11,923)
Civil Service Commission services	60,049	-	60,049
Contracted repairs	13,505	1,730	15,235
Classification and pay services	11,702	-	11,702
Data processing services	72,807	-	72,807
Consultant fees	4,345	3,647	7,992
Specialized services	62,609	2,566	65,175
Legal fees	1,661	-	1,661
Clinic services - medical, mental, and dental	99,848	20,843	120,691
Printing	725	-	725
Prosthetic appliances	220	-	220
Advertising	2,053	-	2,053
Postage	11,716	-	11,716
Freight charges	2,886	-	2,886
Telephone and telegraph monthly costs	65,211	-	65,211
Long-distance toll charges	13,621	-	13,621
Telephone and telegraph equipment installation	3,778	-	3,778
Travel	20,108	-	20,108
Pennsylvania telephone network proration	3,000	-	3,000
Water and sewerage	62,663	-	62,663
Electricity	160,043	806	160,849
Heating fuel	948,094	-	948,094
Subscriptions (trade journals, etc.)	4,920	44	4,964
Membership dues	185	-	185
Insurance, surety and fidelity bonds	19,603	-	19,603
Motorized equipment supplies	28,067	1,954	30,021
Motorized equipment repairs	58	-	58
Contracted maintenance service - buildings and grounds	159,803	35,153	194,956
Contracted maintenance service - office equipment	3,161	-	3,161
Contracted maintenance service - other	2,704	562	3,266
Rent of real estate	405	-	405
Motorized equipment rentals	6,152	-	6,152
Other equipment rentals	56,148	3,501	59,649
Drugs	273,371	13,760	287,131
Laboratory supplies	28,444	2,973	31,417
Medical supplies (other than drugs)	126,905	6,887	133,792
Wearing apparel	92,117	26,803	118,920
Food	963,760	59,296	1,023,056
Housekeeping supplies	267,557	36,602	304,159

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
STATEMENT OF EXPENDITURES - CURRENT ALLOCATION (Continued)
FOR THE YEAR ENDED JUNE 30, 1978

<u>Classification (Continued)</u>	<u>Disbursements</u>	<u>Encumbrances</u>	<u>Total</u>
Office supplies	\$ 24,055	\$ 591	\$ 24,646
Educational supplies and services	7,118	770	7,888
Agricultural supplies and services	27,257	9,458	36,715
Recreational supplies and services	3,101	-	3,101
Religious supplies	384	-	384
Maintenance materials and supplies	206,461	67,099	273,560
Library materials and supplies	674	-	674
Other services and supplies	10	32,569	32,579
Equipment and machinery	8,597	31,902	40,499
Buildings and structures	9,187	19,950	29,137
Refunds	2,029	-	2,029
Heating contracts - public improvement	-	41,800	41,800
<u>Total expenditures</u>	<u>\$25,068,860</u>	<u>\$1,667,714</u>	<u>\$26,736,574</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
STATEMENT OF EXPENDITURES - CURRENT ALLOCATION
FOR THE YEAR ENDED JUNE 30, 1977

<u>Classification</u>	<u>Disbursements</u>	<u>Encumbrances</u>	<u>Total</u>
Salaries	\$13,803,519	\$ 796,084	\$14,599,603
Overtime	297,356	-	297,356
Shift differential pay	183,928	-	183,928
Wages	80,988	-	80,988
Wages - patient	(407)	-	(407)
Employees Health and Welfare Fund	278,151	-	278,151
Employee hospitalization insurance	697,071	-	697,071
Annuity hospitalization insurance	(13,000)	-	(13,000)
Social security	787,670	-	787,670
Retirement	1,957,501	-	1,957,501
State workmen's insurance premium payments	250,424	-	250,424
Employee group life insurance	95,766	-	95,766
Out-service training	16,448	9,109	25,557
Unemployment compensation	54,607	-	54,607
Maintenance recovered	(13,775)	-	(13,775)
Civil Service Commission services	58,545	-	58,545
Contracted repairs	14,588	7,349	21,937
Classification and pay services	6,472	-	6,472
Data processing services	66,582	-	66,582
Specialized services	58,343	8,501	66,844
Legal fees	45	-	45
Clinic services - medical, mental, and dental	81,400	30,795	112,195
Printing	2,077	-	2,077
Prosthetic appliances	54	-	54
Advertising	2,600	-	2,600
Postage	16,100	-	16,100
Freight charges	3,108	7,260	10,368
Telephone and telegraph monthly costs	67,768	-	67,768
Long-distance toll charges	12,668	-	12,668
Telephone and telegraph equipment installation	5,136	-	5,136
Travel	13,888	-	13,888
Water and sewerage	69,593	-	69,593
Electricity	159,052	2,140	161,192
Heating fuel	776,114	147,645	923,759
Subscriptions (trade journals, etc.)	4,506	-	4,506
Membership dues	60	-	60
Insurance, surety and fidelity bonds	25,804	-	25,804
Motorized equipment supplies	19,740	594	20,334
Contracted maintenance service - buildings and grounds	88,008	31,421	119,429
Contracted maintenance service - office equipment	5,194	4,058	9,252
Contracted maintenance service - other	2,865	1,277	4,142
Rent of real estate	183	-	183
Motorized equipment rentals	6,604	-	6,604
Other equipment rentals	62,560	6,267	68,827
Drugs	210,391	5,657	216,048
Laboratory supplies	37,167	2,956	40,123
Medical supplies (other than drugs)	87,330	10,886	98,216
Wearing apparel	69,100	27,561	96,661
Food	815,602	65,886	881,488
Housekeeping supplies	216,735	16,875	233,610
Office supplies	21,430	1,458	22,888
Educational supplies and services	6,950	789	7,739
Agricultural supplies and services	34,410	13,802	48,212
Recreational supplies and services	1,678	294	1,972
Religious supplies	245	52	297
Maintenance materials and supplies	193,092	35,060	228,152

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
STATEMENT OF EXPENDITURES - CURRENT ALLOCATION (Continued)
FOR THE YEAR ENDED JUNE 30, 1977

<u>Classification (Continued)</u>	<u>Disbursements</u>	<u>Encumbrances</u>	<u>Total</u>
Other services and supplies	\$ -	\$ 74,986	\$ 74,986
Equipment and machinery	27,575	48,324	75,899
Furniture and furnishings	7,478	12,013	19,491
Buildings and structures	-	83,500	83,500
Interfund disbursements	<u>1,202</u>	<u>-</u>	<u>1,202</u>
<u>Total expenditures</u>	<u>\$21,836,289</u>	<u>\$1,452,599</u>	<u>\$23,288,888</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
STATEMENT OF EXPENDITURES - CURRENT ALLOCATION
FOR THE YEAR ENDED JUNE 30, 1976

<u>Classification</u>	<u>Disbursements</u>	<u>Encumbrances</u>	<u>Total</u>
Salaries	\$12,435,134	\$ 629,009	\$13,064,143
Overtime	321,226	-	321,226
Shift differential pay	110,070	-	110,070
Wages	50,649	-	50,649
Wages - patient	117,174	-	117,174
Employees Health and Welfare Fund	217,870	-	217,870
Employee hospitalization insurance	542,547	-	542,547
Social security	719,476	-	719,476
Retirement	1,241,261	411,792	1,653,053
State workmen's insurance premium payments	171,974	-	171,974
Employee group life insurance	92,146	-	92,146
Out-service training	9,922	4,295	14,217
Unemployment compensation	16,725	-	16,725
Maintenance recovered	(10,755)	-	(10,755)
Civil Service Commission services	55,372	-	55,372
Contracted repairs	17,581	1,287	18,868
Classification and pay services	3,658	-	3,658
Data processing services	70,306	-	70,306
Specialized services	62,619	5,845	68,464
Clinic services - medical, mental, and dental	87,934	29,835	117,769
Printing	308	278	586
Prosthetic appliances	285	-	285
Advertising	855	-	855
Postage	12,000	-	12,000
Freight charges	3,049	-	3,049
Telephone and telegraph monthly costs	66,478	-	66,478
Long-distance toll charges	7,726	-	7,726
Telephone and telegraph equipment installation	1,234	-	1,234
Travel	15,181	-	15,181
Water and sewerage	96,677	-	96,677
Electricity	165,912	424	166,336
Heating fuel	730,814	27,503	758,317
Subscriptions (trade journals, etc.)	3,973	-	3,973
Membership dues	150	-	150
Insurance, surety and fidelity bonds	4,794	-	4,794
Motorized equipment supplies	21,145	303	21,448
Motorized equipment repairs	(114)	-	(114)
Contracted maintenance service - buildings and grounds	33,244	14,208	47,452
Contracted maintenance service - office equipment	5,840	3,910	9,750
Contracted maintenance service - other	2,800	1,326	4,126
Rent of real estate	6,601	-	6,601
Motorized equipment rentals	6,880	-	6,880
Other equipment rentals	18,818	6,410	25,228
Drugs	193,861	8,124	201,985
Laboratory supplies	20,018	6,625	26,643
Medical supplies (other than drugs)	89,232	7,031	96,263
Wearing apparel	92,656	7,960	100,616
Food	876,302	36,999	913,301
Housekeeping supplies	216,006	15,309	231,315
Office supplies	20,739	1,401	22,140
Educational supplies and services	8,186	3,836	12,022
Agricultural supplies and services	54,743	20,322	75,065
Recreational supplies and services	2,002	-	2,002
Religious supplies	402	48	450
Maintenance materials and supplies	150,866	50,379	201,245
Other services and supplies	1,255	48,322	49,577
Equipment and machinery	2,437	25,728	28,165

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
STATEMENT OF EXPENDITURES - CURRENT ALLOCATION (Continued)
FOR THE YEAR ENDED JUNE 30, 1976

<u>Classification (Continued)</u>	<u>Disbursements</u>	<u>Encumbrances</u>	<u>Total</u>
Furniture and furnishings	\$ 1,688	\$ 87,103	\$ 88,791
Buildings and structures	-	84,616	84,616
Refunds	587,302	-	587,302
Interfund disbursements	973	-	973
<u>Total expenditures</u>	<u>\$19,856,207</u>	<u>\$1,540,228</u>	<u>\$21,396,435</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Presentation of Financial Statements

The accounts of the hospital are maintained, and the accompanying financial statements have been prepared in accordance with the accounting and reporting practices set forth in the Manual of Accounting and Related Financial Procedures of the Commonwealth of Pennsylvania, revised edition, 1967.

Basis of Accounting

Receipts are reported on the cash basis and represent collections for services rendered to patients and miscellaneous fees.

Expenditures are reported on the accrual basis. Fixed assets and supplies are reported as expenditures in the period purchased. Depreciation is not computed on fixed assets. Expenditures which may benefit periods beyond that being reported on (insurance premiums, etc.) are charged to expense when paid rather than being deferred.

2. Retirement Benefits

Retirement benefits are provided for all full-time and permanent part-time employees under a contributory plan administered by the State Employees' Retirement Board. Retirement expense for the years ended June 30, 1978, 1977, and 1976 was \$2,225,718, \$1,957,501, and \$1,241,261, respectively.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
FINDING AND RECOMMENDATIONS

Finding - \$13,915 Paid for Services Not Rendered to Hospital

During the period February 27, 1978 to September 29, 1978 an employe was performing the duties of a Physical Therapist II at Torrance State Hospital while being paid as a Physical Therapist III from Mayview's operating budget. Torrance did not pay for these services over this period.

On February 26, 1978 the employe was transferred from Mayview State Hospital to Torrance State Hospital with the agreement that he be demoted from a Physical Therapist III to a Physical Therapist II with no reduction in pay. This placed the employe at the top of the new position's pay scale with no future increments allowed.

Although the employe worked at Torrance State Hospital after February 27, 1978, Mayview State Hospital failed to approve the personnel authorization forms until September 1978. The payroll department continued paying the employe even though work attendance reports were no longer filed by the employe. In addition, the payroll department processed an annual increment on May 13, 1978 which the employe was not entitled to receive, and a union raise on July 1, 1978 based on this inflated salary.

Good internal control procedures require the timely processing of personnel authorization forms and communication between the personnel department and the payroll department concerning changes in personnel.

Mayview's failure to remove the physical therapist's name from its personnel and payroll records resulted in the institution paying \$13,915 for services that Torrance received. Of this amount, approximately \$312 represented the overpayment resulting from the improper processing of his annual increment and the subsequent union raise based on that salary.

Recommendations

We recommend that the Department of Public Welfare:

- . Initiate the reimbursement to Mayview State Hospital of \$13,915 paid to the employe by Mayview while he was actually working at Torrance State Hospital;
- . File a salary claim against the employe for the \$312 overpayment due to the improper processing of his annual increment and subsequent union raise.

We further recommend that Mayview institute controls so that personnel authorization forms are processed on a timely basis and that the payroll department is made aware of personnel changes.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
STATUS OF PRIOR YEARS' FINDINGS AND RECOMMENDATIONS

The following is a summary of the findings and recommendations presented in our June 30, 1975 and 1974 audit report, along with a description of the hospital's disposition of each recommendation. The status of each recommendation was determined by one or more of the following procedures:

- . Review of the Department of Public Welfare's written response to the Office of Administration, replying to the Auditor General's June 30, 1975 and 1974 report;
- . Tests performed as a part of, or in conjunction with, the current audit;
- . Questioning of appropriate hospital personnel regarding specific prior years' findings and recommendations.

Finding No. 1 - Community Services Center

Mayview State Hospital operated a Community Services Center, located in the Renshaw Building, Ninth Street, Pittsburgh, which was administering direct service to 669 outpatients at June 30, 1975. All expenses incurred from serving these patients were from the institution's appropriation.

We recommended that the Bureau of Administrative Services and the Department of Public Welfare initiate a plan to charge qualified patients for these outpatient services, or transfer this operation to the Allegheny County Community MH/MR Program. The Community Services Center was transferred to the Allegheny County Community MH/MR Program as of July 1, 1976. Our recommendation has been complied with.

Finding No. 2 - Patient Accounting Inadequate

Our review of the procedures in handling patients' accounts revealed that the antiquated equipment available for posting patients' accounts has caused the employees in the revenue office to rely on inefficient handposting of patients' accounts, thus making it impossible to keep the work current.

As of June 30, 1978 new machines have been purchased for the revenue office. Our review of the revenue office indicated that patient accounts are being handled more effectively and efficiently, therefore we feel no further comments are necessary.

STATUS OF PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 3 - Lack of Interest in Bidding by Vendors

During our review of the purchasing department, a sampling of the bid requests and the number of vendors replying to the requests revealed that only 60% of the vendors replied, and 50% of those replying submitted no bid. It was our opinion that the lack of interest in bidding by vendors was due to the excessive lapse of time between delivery by the vendor and subsequent payment.

We recommended that the Department of Public Welfare review this situation and make every effort to reduce the time required to process invoices for payment. An ensuing review of the purchasing department has disclosed that the lapse of time between delivery by the vendor and subsequent payment has been reduced by approximately 5 to 10 days. In view of this improvement, we feel no further comments are necessary.

Finding No. 4 - Allegheny County Delinquent Accounts

Many patients who are admitted to Mayview State Hospital are Allegheny County criminal court commitments. The charges for these patients, while using the facilities of Mayview State Hospital, are to be paid by Allegheny County.

We recommended that the Department of Public Welfare make every effort to induce Allegheny County to pay its delinquent obligation to Mayview State Hospital.

Our current review revealed that Mayview State Hospital has turned over these delinquent accounts to the Department of Justice for collection. Based on these actions, we feel no further comment is necessary.

Finding No. 5 - Tour of Grounds and Buildings

A tour of the plant and grounds at Mayview State Hospital revealed that a number of buildings were not occupied. If some use were not found for these buildings, they would deteriorate to a point beyond reclamation. F, G, and H buildings each had a rated capacity of approximately 90 beds and each building would have required about \$350,000 expenditure to bring them up to the Life Safety Code Standards.

There were also nine dwellings that were built to house employees living on the grounds, and again if some attention were not given to these dwellings, they in turn would deteriorate beyond repair and become a health and safety hazard. The maintenance staff was unable to maintain these structures.

STATUS OF PRIOR YEARS' FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 5 (Continued)

We also noted a number of dead trees standing on the grounds. These trees constituted a potentially serious hazard to patients and employees.

Our current tour of the plant and grounds revealed that the nine dwellings are now occupied and properly maintained. Also, the trees and other debris on the grounds have been removed. The hospital is making an attempt to secure additional funds to bring buildings F, G, and H in line with the Life Safety Code regulations. We feel that these actions have met with our recommendation.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
MR ANNEX



COMMONWEALTH OF PENNSYLVANIA

OFFICE OF THE
AUDITOR GENERAL
HARRISBURG 17120

BENEDICT
AUDITOR GENERAL

Honorable Richard L. Thornburgh
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania

We have examined the statement of allocations of commonwealth funds of the MR Annex at Mayview State Hospital and the related statements of receipts and of expenditures - current allocation for the years ended June 30, 1978, 1977, and 1976. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying statements do not include a statement of financial position or a comparison of transactions with a formal budget as required by generally accepted accounting principles.

In our opinion, except for the omission of the information mentioned in the preceding paragraph, the aforementioned financial statements present fairly the results of commonwealth-funded operations of the MR Annex at Mayview State Hospital for the years ended June 30, 1978, 1977, and 1976.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
MR ANNEX
STATEMENT OF ALLOCATIONS OF COMMONWEALTH FUNDS
FOR THE YEAR ENDED JUNE 30, 1978

	<u>1976-1977</u> <u>Act 7-A</u>	<u>1977-1978</u> <u>Act 11-A</u>	<u>Total</u>
Balance beginning of year	\$ -	\$ -	\$ -
Encumbered balance carried forward	67,401	-	67,401
Current allocation	-	630,231	630,231
Credits to allocation	-	54,133	54,133
Federal reimbursement of Pennsylvania			
Medical Assistance	-	621,000	621,000
Allocation adjustments	<u>(1,198)</u>	<u>-</u>	<u>(1,198)</u>
Total available	<u>66,203</u>	<u>1,305,364</u>	<u>1,371,567</u>
Disbursements	59,889	1,219,292	1,279,181
Reserve for encumbrances	-	86,072	86,072
Lapses	<u>6,314</u>	<u>-</u>	<u>6,314</u>
Total reductions	<u>66,203</u>	<u>1,305,364</u>	<u>1,371,567</u>
Balance end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
MR ANNEX
STATEMENT OF ALLOCATIONS OF COMMONWEALTH FUNDS
FOR THE YEAR ENDED JUNE 30, 1977

	<u>1975-1976</u> <u>Act 8-A</u>	<u>1976-1977</u> <u>Act 7-A</u>	<u>Total</u>
Balance beginning of year	\$ -	\$ -	\$ -
Encumbered balance carried forward	53,305	-	53,305
Current allocation	-	3,000,000	3,000,000
Credits to allocation	-	28,978	28,978
Federal reimbursement of Pennsylvania Medical Assistance	-	155,000	155,000
Allocation adjustments	<u>2,865</u>	<u>(2,311,641)</u>	<u>(2,308,776)</u>
Total available	<u>56,170</u>	<u>872,337</u>	<u>928,507</u>
Disbursements	53,737	804,936	858,673
Reserve for encumbrances	-	67,401	67,401
Lapses	<u>2,433</u>	<u>-</u>	<u>2,433</u>
Total reductions	<u>56,170</u>	<u>872,337</u>	<u>928,507</u>
Balance end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
MR ANNEX
STATEMENT OF ALLOCATIONS OF COMMONWEALTH FUNDS
FOR THE YEAR ENDED JUNE 30, 1976

	<u>1974-1975</u> <u>Act 21-A</u>	<u>1975-1976</u> <u>Act 8-A</u>	<u>Total</u>
Balance beginning of year	\$ -	\$ -	\$ -
Encumbered balance carried forward	31,994	-	31,994
Current allocation	-	800,000	800,000
Credits to allocation	-	46,504	46,504
Federal reimbursement of Pennsylvania Medical Assistance	-	320,000	320,000
Allocation adjustments	<u>1,773</u>	<u>(495,233)</u>	<u>(493,460)</u>
Total available	<u>33,767</u>	<u>671,271</u>	<u>705,038</u>
Disbursements	33,180	617,966	651,146
Reserve for encumbrances	-	53,305	53,305
Lapses	<u>587</u>	<u>-</u>	<u>587</u>
Total reductions	<u>33,767</u>	<u>671,271</u>	<u>705,038</u>
Balance end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
MR ANNEX
STATEMENT OF RECEIPTS
FOR THE YEARS ENDED JUNE 30, 1978, 1977, AND 1976

<u>Classification</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
Full-pay patients	\$ 42,071	\$ 22,492	\$ 16,030
Refunds	5,039	2,561	4,977
Federal reimbursement of Pennsylvania			
Medical Assistance	621,000	155,000	320,000
Disbursements reimbursed	10,348	1,791	1,533
Miscellaneous	-	-	26,099
<u>Total receipts</u>	<u>\$678,458</u>	<u>\$181,844</u>	<u>\$368,639</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
MR ANNEX
STATEMENT OF EXPENDITURES - CURRENT ALLOCATION
FOR THE YEAR ENDED JUNE 30, 1978

<u>Classification</u>	<u>Disbursements</u>	<u>Encumbrances</u>	<u>Total</u>
Salaries	\$ 854,753	\$71,135	\$ 925,888
Overtime	16,887	-	16,887
Shift differential pay	15,671	-	15,671
Higher classification pay	2,959	-	2,959
Wages - patient	20,578	-	20,578
Special benefit provision - PSSU and PESEA	393	-	393
Employees Health and Welfare Fund	24,648	-	24,648
Employee hospitalization insurance	41,758	-	41,758
Social security	52,016	-	52,016
Retirement	121,863	-	121,863
State workmen's insurance premium payments	25,252	-	25,252
Employee group life insurance	1,978	-	1,978
Out-service training	2,859	242	3,101
Unemployment compensation	1,630	4,558	6,188
Annual leave payout	960	-	960
Civil Service Commission services	3,124	-	3,124
Contracted repairs	27	-	27
Classification and pay services	557	-	557
Data processing services	2,988	-	2,988
Specialized services	2,080	-	2,080
Legal fees	72	-	72
Clinic services - medical, mental, and dental	9,910	614	10,524
Printing	6	-	6
Prosthetic appliances	86	-	86
Advertising	506	-	506
Freight charges	7	-	7
Travel	1,823	-	1,823
Subscriptions (trade journals, etc.)	61	29	90
Membership dues	10	-	10
Insurance, surety and fidelity bonds	659	-	659
Motorized equipment supplies	47	-	47
Contracted maintenance service - buildings and grounds	272	-	272
Contracted maintenance service - office equipment	54	-	54
Contracted maintenance service - other	92	-	92
Medical supplies (other than drugs)	456	34	490
Wearing apparel	420	-	420
Food	43	-	43
Housekeeping supplies	2,161	617	2,778
Office supplies	873	12	885
Educational supplies and services	1,926	783	2,709
Agricultural supplies and services	88	-	88
Recreational supplies and services	595	207	802
Maintenance materials and supplies	971	1,103	2,074
Equipment and machinery	5,155	3,198	8,353
Furniture and furnishings	18	1,121	1,139
Other services and supplies	-	2,419	2,419
<u>Total expenditures</u>	<u>\$1,219,292</u>	<u>\$86,072</u>	<u>\$1,305,364</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
MR ANNEX
STATEMENT OF EXPENDITURES - CURRENT ALLOCATION
FOR THE YEAR ENDED JUNE 30, 1977

<u>Classification</u>	<u>Disbursements</u>	<u>Encumbrances</u>	<u>Total</u>
Salaries	\$575,142	\$40,445	\$615,587
Overtime	13,260	-	13,260
Shift differential pay	10,145	-	10,145
Wages	1,088	-	1,088
Wages - patient	18,697	-	18,697
Employees Health and Welfare Fund	12,263	-	12,263
Employee hospitalization insurance	28,192	-	28,192
Social security	33,564	-	33,564
Retirement	80,139	-	80,139
State workmen's insurance premium payments	10,550	-	10,550
Employee group life insurance	4,014	-	4,014
Out-service training	644	1,753	2,397
Unemployment compensation	4,615	-	4,615
Civil Service Commission services	2,451	-	2,451
Contracted repairs	-	12	12
Classification and pay services	271	-	271
Data processing services	2,787	-	2,787
Specialized services	882	-	882
Clinic services - medical, mental, and dental	70	7,500	7,570
Printing	6	-	6
Travel	1,610	-	1,610
Insurance, surety and fidelity bonds	673	-	673
Contracted maintenance service - office equipment	-	28	28
Medical supplies (other than drugs)	246	72	318
Wearing apparel	6	-	6
Housekeeping supplies	604	204	808
Office supplies	525	670	1,195
Educational supplies and services	211	1,300	1,511
Recreational supplies and services	617	234	851
Maintenance materials and supplies	534	586	1,120
Equipment and machinery	750	10,959	11,709
Furniture and furnishings	330	1,972	2,302
Interfund disbursements	50	-	50
Other services and supplies	-	1,666	1,666
<u>Total expenditures</u>	<u>\$804,936</u>	<u>\$67,401</u>	<u>\$872,337</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
MR ANNEX
STATEMENT OF EXPENDITURES - CURRENT ALLOCATION
FOR THE YEAR ENDED JUNE 30, 1976

<u>Classification</u>	<u>Disbursements</u>	<u>Encumbrances</u>	<u>Total</u>
Salaries	\$447,867	\$32,755	\$480,622
Overtime	15,342	-	15,342
Shift differential pay	5,124	-	5,124
Wages	1,083	-	1,083
Wages - patient	22,655	-	22,655
Employees Health and Welfare Fund	8,116	-	8,116
Employee hospitalization insurance	19,674	-	19,674
Social security	26,038	-	26,038
Retirement	43,076	15,165	58,241
State workmen's insurance premium payments	6,503	-	6,503
Employee group life insurance	3,064	-	3,064
Out-service training	2,576	1,516	4,092
Unemployment compensation	1,714	-	1,714
Civil Service Commission services	2,062	-	2,062
Classification and pay services	134	-	134
Data processing services	2,585	-	2,585
Specialized services	1,127	-	1,127
Clinic services - medical, mental, and dental	50	-	50
Advertising	31	-	31
Travel	1,878	-	1,878
Subscriptions (trade journals, etc.)	16	-	16
Insurance, surety and fidelity bonds	153	-	153
Medical supplies (other than drugs)	197	-	197
Wearing apparel	58	-	58
Food	35	-	35
Housekeeping supplies	362	169	531
Office supplies	132	-	132
Educational supplies and services	297	337	634
Recreational supplies and services	17	98	115
Maintenance materials and supplies	185	53	238
Equipment and machinery	2,449	-	2,449
Furniture and furnishings	3,001	1,017	4,018
Interfund disbursements	37	-	37
Consultant fees	75	-	75
Laboratory supplies	253	-	253
Other services and supplies	-	2,195	2,195
<u>Total expenditures</u>	<u>\$617,966</u>	<u>\$53,305</u>	<u>\$671,271</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
MR ANNEX
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Presentation of Financial Statements

The accounts of the MR Annex at Mayview State Hospital are maintained, and the accompanying statements have been prepared in accordance with the accounting and reporting practices set forth in the Manual of Accounting and Related Financial Procedures of the Commonwealth of Pennsylvania, revised edition, 1967.

Basis of Accounting

Receipts are reported on the cash basis and represent collections for services rendered to patients and miscellaneous fees.

Expenditures are reported on the accrual basis. Fixed assets and supplies are reported as expenditures in the period purchased. Depreciation is not computed on fixed assets. Expenditures which may benefit periods beyond that being reported on (insurance premium, etc.) are charged to expense when paid rather than being deferred.

2. Retirement Benefits

Retirement benefits are provided for all full-time and all permanent part-time employees under a contributory plan administered by the Pennsylvania State Employees' Retirement Board. Retirement expense for the years ended June 30, 1978, 1977, and 1976 was \$121,863, \$80,139, and \$58,241, respectively.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
LITTLE STORE FUND



COMMONWEALTH OF PENNSYLVANIA

OFFICE OF THE

AUDITOR GENERAL

HARRISBURG 17120

BENEDICT
FOR GENERAL

Honorable Richard L. Thornburgh
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania

We have examined the balance sheet of the Little Store Fund of Mayview State Hospital as of June 30, 1978, 1977, and 1976, and the related statement of income and retained earnings for the years then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Little Store Fund of Mayview State Hospital for the years ended June 30, 1978, 1977, and 1976, and the results of its operation for the years then ended in conformity with generally accepted accounting principles applied on a consistent basis.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
LITTLE STORE FUND
BALANCE SHEET
FOR THE YEARS ENDED JUNE 30, 1978, 1977, AND 1976

	<u>1978</u>	<u>1977</u>	<u>1976</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash on hand and on deposit	\$ 85,950	\$66,707	\$127,989
Accounts receivable	112	131	2,542
Inventory, at cost	<u>9,701</u>	<u>9,063</u>	<u>8,661</u>
Total current assets	95,763	75,901	139,192
<u>Other Assets</u>			
Furniture and equipment, at cost, less accumulated depreciation: 1978-31,075; 1977-27,700; 1976-24,479	<u>20,858</u>	<u>7,350</u>	<u>9,704</u>
Total assets	<u>\$116,621</u>	<u>\$83,251</u>	<u>\$148,896</u>
<u>Liabilities and Retained Earnings</u>			
<u>Liabilities</u>			
Unredeemed coupon books	\$ 8,685	\$ 5,581	\$ 11,122
Sales taxes payable	540	395	298
Payroll reimbursement	<u>8,223</u>	<u>29,698</u>	<u>13,941</u>
Total liabilities	17,448	35,674	25,361
Retained earnings	<u>99,173</u>	<u>47,577</u>	<u>123,535</u>
Total liabilities and retained earnings	<u>\$116,621</u>	<u>\$83,251</u>	<u>\$148,896</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
LITTLE STORE FUND
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 1978, 1977, AND 1976

	<u>1978</u>	<u>1977</u>	<u>1976</u>
<u>Revenue</u>			
Sales	\$295,669	\$320,599	\$347,378
Cost of sales	<u>207,475</u>	<u>230,284</u>	<u>245,430</u>
Gross profit	88,194	90,315	101,948
Vending machine commission	18,109	11,914	9,798
Interest earned	2,246	2,463	5,087
Other income	<u>3,505</u>	<u>1,521</u>	<u>3,716</u>
Total revenue	<u>112,054</u>	<u>106,213</u>	<u>120,549</u>
<u>Expenses</u>			
Salaries	80,292	79,075	73,715
Benefits	23,166	21,369	18,317
Equipment maintenance	1,233	6,071	-
Depreciation	3,305	3,291	3,213
Printing	1,100	-	1,597
Repairs	-	-	6,448
Supplies	3,832	4,754	6,620
Over/short	861	301	1,938
Miscellaneous	-	16	191
Other	-	-	11,062
Total expenses	<u>113,789</u>	<u>114,877</u>	<u>123,101</u>
Operation income (loss)	(1,735)	(8,664)	(2,552)
Salary reimbursement waived	<u>67,248</u>	<u>18,590</u>	<u>36,812</u>
Net income (loss)	65,513	9,926	34,260
Retained earnings beginning of year	<u>47,577</u>	<u>123,535</u>	<u>109,302</u>
Disbursements for patients' benefits	<u>113,090</u> <u>13,917</u>	<u>133,461</u> <u>85,384</u>	<u>144,062</u> <u>20,527</u>
Retained earnings end of year	<u>\$ 99,173</u>	<u>\$ 47,577</u>	<u>\$123,535</u>

Notes to financial statements are an integral part of this report.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
MAYVIEW STATE HOSPITAL
LITTLE STORE FUND
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounts of the Little Store Fund are maintained on the accrual basis.

Merchandise inventories are determined principally under the retail method and are priced at the lower of average cost or market.

2. Retirement Benefits

Retirement benefits are provided for all full-time employees under a contributory plan administered by the State Employees' Retirement Board.

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